

Department of the Treasury
Office of Thrift Supervision

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In the attached final regulation, effective April 1, the Office of Thrift Supervision (OTS) has adopted a single form for reporting various types of crimes and suspicious activities and has directed that the form be filed in only one place, the Financial Crimes Enforcement Network (FinCEN) at the Treasury Department. FinCEN maintains a database accessible to federal and state financial institution regulators and law enforcement agencies. Currently, thrift institutions must file such a report with up to seven federal regulatory and law enforcement agencies, and they must deal with two sections: one for crimes and another for suspicious activities.

The new reporting procedure is part of OTS' on-going program to reduce regulatory burden on the thrift industry, consistent with ensuring its safety and soundness. The same reporting form is also being adopted by federal banking regulators for use by commercial banks.

Instead of having to refer to various regulations, institutions will meet all requirements by following instructions printed on the reporting form. OTS expects to provide its regulated institutions by mid-March with software for use in preparing the suspicious activity form on a computer disk that can be filed by mail.

Institutions should immediately report on-going violations — for example, a continuing check kiting or money laundering scheme — to appropriate law

enforcement authorities and OTS by telephone in addition to filing a report with FinCEN.

In order to reduce regulatory burden, the new rule sets higher dollar thresholds that trigger reporting requirements. Thresholds were raised from \$1,000 to \$5,000 for crimes for which a suspect is identified and from \$5,000 to \$25,000 when there is no suspect. If the suspect is an insider, filing continues to be required regardless of the amount. The regulation adds a \$5,000 reporting threshold when an institution suspects a transaction involves money laundering or a Bank Secrecy Act violation.

The new rule also eliminates the need to file supporting documentation with the report, reduces the record retention period from ten years to five, and permits retention by electronic means.

The new regulation emphasizes recent changes in the law that shield financial institutions and their employees from civil liability when they report suspicious activities and that provide criminal sanctions for disclosing such a report to anyone who was involved in the suspicious act.

The final rule was published in the February 16, 1996, edition of the *Federal Register*, Vol. 61, No. 33, pp. 6100-6106.

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